

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 2954

February 19, 2012

SUMMARY OF BILL: Requires the transfer of county school system property to a newly formed city or joint city school system in counties where a school system has been consolidated with the county school system. Requires the transfer to take place prior to the first year of the opening of a new city or joint city school system. Authorizes county property to be retained by the county school system at the discretion of the new city or joint city school system. Requires that debt owed on county school system property at the time of transfer remain the obligation of the county or county school system unless the debt was financed by county rural school bonds payable from taxes levied only in a portion of the county at the time of issuance. In cases where rural county school bonds are used to fund the property, the county and city or cities shall, prior to transfer, enter into an agreement on the bond indebtedness that will not infringe on the rights of bond holders. Requires that all insurance, maintenance, operational, and other expenditures associated with transferred property, including subsequent improvements, become the responsibility of the newly formed city or joint city school system.

ESTIMATED FISCAL IMPACT:

Other Fiscal Impact – A shift in insurance, maintenance, operational, and other costs to the new city or joint city school system from the county school system for any property acquired. Once property is transferred, this shift will result in a decrease in local expenditures to the county and an increase in local expenditures to the city or joint city school system. The total amount of this shift is unknown but is estimated to exceed \$1,000,000. Any shift will be permissive since there is no requirement that a city or several cities form a new municipal school system.

Assumptions:

- No debt transfer will occur from the county or county board of education to the new city or joint city school system except possibly where rural county school bonds were used to fund the property.
- The total amount of any shift in local expenditures from the county to the new city or joint city school system will depend upon the geographical boundaries of the city or joint city school system, the number of county properties contained within those boundaries, and the needs of the new city or joint city school system.

- The shift in local expenditures is estimated to exceed \$1,000,000. This is based on an assumption that more than one property will be transferred and that maintenance, insurance, and other operational costs associated with the school property currently exceed \$1,000,000 per property.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "Lucian D. Geise". The signature is fluid and cursive, with the first name "Lucian" written in a larger, more prominent script than the last name "Geise".

Lucian D. Geise, Executive Director

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